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Document No. 0

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Class. CHANGED TO: TS S C

Date: 10/04/78 By: 029

Auth: DPA SCG 77/1763

Date: 10/04/78

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This document is hereby regraded to
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letter of 16 October 1973 from the
Director of Central Intelligence to the
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Next Review Date [REDACTED]

CENTRAL INTELLIGENCE GROUP INTELLIGENCE REPORT

COUNTRY Germany/Russian Zone

DATE:

INFO. [REDACTED]

SUBJECT Return of Soviet A.G. Plants to German Ownership;
Soviet Plan for Decentralization of Soviet A.G.s

DIST. 21 April 1947

PAGES 2

SUPPLEMENT

ORIGIN [REDACTED]

1. [REDACTED] there is a technical commission in Potsdam under Chief Engineer Smirnov, member of the Technical Academy, Moscow. This commission is to determine the capacity of Soviet plants and to modernize their equipment. It is also conducting negotiations with state administrations for the return of Soviet plants. It plans to turn over a number of unproductive, medium-sized plants to the trusteeship of the states. State ownership will be limited to 40% of each plant; the other 60% will be claimed by the Russians in return for the delivery of machinery and materials; thus, SMA will still have a controlling interest. The state administrations may accept orders for these plants only with SMA approval so that at least 50% of capacity is reserved for production for the Five Year Plan. The machinery delivered by SMA dates from 1928-32 but is charged for at 1938 prices.

2. [REDACTED] the factories being retained in the SAG are those needed to supplement Russian production under the Five Year Plan. In case a German government is set up by the Moscow Conference, SMA will shift most industrial planning from Berlin to Potsdam. Trained personnel in the Central Administration of Industry would be given jobs in Potsdam. The sections for interzonal trade and for German consumption would remain in Berlin. All reparations orders would be handled in Potsdam. It is claimed that preparations have been made to find space for the German personnel in Potsdam and to provide them with a special train for commuting between Potsdam and Berlin.

3. [REDACTED] the reason for the return of some SAG's to state ownership is that they were operating at a loss. It is claimed that Saxony-Anhalt and Thuringia will have to put up 35,000,000 RM yearly to cover the deficits of the potash works turned over to them by SMA.

4. [REDACTED] there is foreign capital in many of the SAG plants which have been turned over to the state administrations.

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5. [REDACTED] on 1 March 1947 there were 31 SAG's, each with a number of factories and all coordinated under a central directorate, A.G. Weissensee. SMA plans to decentralize the SAG's. Each SAG is to set up a directorate near its main factories. Thus, the Mineraldünger AG, with important factories in Merseburg, Bitterfeld, and Wolfen, is to have its headquarters in Halle. Likewise, headquarters of the Elektrotechnische AG is to be the Kabelwerk, Berlin-Oberspree.

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